

CCHQ 2022

STRONG ECONOMY. STRONGER FUTURE.

10 May 2022

Mr Colin Bettles
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Dear Mr Bettles

Thank you for the opportunity to provide the views of the Coalition on important issues facing your members. A response to your questions is attached.

The last two years have been tough for our country.

Despite the setbacks, Australia's economic recovery is leading the world.

Unemployment is at 4%, the equal lowest in 48 years. And the recent Budget included the biggest turnaround in our finances in over 70 years.

There's much more to be done. To build a stronger future, our plan will:

1. Deliver more jobs and working towards unemployment below 4%.
2. Deliver tax relief for workers and small businesses.
3. Invest in roads, rail, water infrastructure and renewable energy technology.
4. Make record investments in health and other essential services.
5. Invest in stronger defence, security and borders.

This election provides a clear choice, with real consequences for Australia.

The alternative at this election is Anthony Albanese and Labor. Labor would weaken our economy and put Australia's recovery at risk. Now is not the time to change course.

Thank you for communicating our response to your members.

Yours sincerely,



Andrew Hirst
Federal Director

MORRISON GOVERNMENT RESPONSE TO GRAIN PRODUCERS AUSTRALIA

Priority 1 - Increase Supply of Skilled Workers on Grain Farms

The Coalition Government knows the importance of access to workers and has implemented the biggest-ever structural reform of this workforce with the Agriculture Visa and is providing a range of measures to secure and retain workers.

The Agriculture Visa is demand-driven, is open to skilled, semi-skilled and unskilled workers and provides a pathway to a permanent residency. On 28 March 2022, Vietnam became the first country to sign a Memorandum of Understanding and negotiations are currently underway with the initial countries approached to participate in the visa. The Government will then look at inviting additional countries to participate in the program.

Under our Working Holiday Maker (WHM) visa programs, overseas workers are encouraged to undertake agricultural work in our regions. In January 2022, additional incentives were provided for WHM visa holders to return to Australia by temporarily waiving the visa application charge. As of March 2022, more than 35,000 WHM applications had been lodged since the reopening of the international border.

The Coalition Government has committed close to \$30 million to a number of measures to support the sector in securing a long-term workforce including:

- \$5.1 million for AgCAREERSTART pilot – a gap year program with the first participants already placed on farms this year.
- \$7.3 million for AgUp grants program to upskill workers and support industry led proposals to attract and retain labour.
- \$1.3 million to research community views and experiences of the agriculture sector
- \$4.2 million for the Australian Bureau of Statistics to update agriculture occupations in the Australian and New Zealand Standard Classification of Occupations.
- \$2.7 million for the National Careers Institute to ensure career information reflects modern agriculture occupations and career pathways.
- almost \$1 million to support agriculture employers to implement modern workforce management and planning practices.
- \$16.3 million to incentivise young Australians to take up farm work by temporarily changing Youth Allowance (student) and ABSTUDY independence eligibility criteria.
- AgMove which provides assistance of up to \$6,000 for workers to relocate to take up short-term agriculture work.

The Coalition is also investing \$2.4 billion from 1 July 2022 to upskill apprentices through the new Australian Apprenticeships Incentive System that will provide support to employers and apprentices in areas of skills need. The Coalition is also providing an additional \$22.6 million for more than 29,000 additional in-training support places to ensure regional apprentices have the support they need.

In terms of broader skills investment, under JobTrainer more than \$2.1 billion has been invested in providing more than 478,000 training places in partnership with state and territory governments in free or low fee training places for job seekers and young people (including school leavers) to upskill or reskill in areas of identified skills need.

Priority 2 - Better Digital Connectivity to Boost Farm Productivity

The Morrison Government has invested \$1.3 billion in regional Australia's telecommunications to assist regional communities and address the recommendations of the 2021 Regional Telecommunications Review.

Building on existing investments to improve regional connectivity, the Morrison Government is committing a further \$811.8 million under the Connecting Regional Australia initiative. Connecting Regional Australia is a large-scale, flexible, multi-year fund that enables strategic investment in digital infrastructure and skills. It builds on and expands the Government's successful Mobile Black Spot and Regional Connectivity programs.

This initiative will ensure up to 8,000 km of new open-access mobile coverage on regional roads and adjacent premises, businesses and tourist hotspots, deliver targeted improvements to digital connectivity, improve resilience against natural disasters, support affordability and increase indigenous connectivity.

The Regional Tech Hub has also been established to help regional, rural and remote Australians get connected, stay connected, and make the most of new technologies. Since it was established, the Hub has resolved 1,294 enquiries and more than 34,000 total user visits, as at February 2022. The Government has also invested \$5 million in additional funding to extend the Hub in response to the 2021 Regional Telecommunications Review.

Priority 3 - ACCC to Conduct Study of Australian Grain Markets to Optimise Competition

The Coalition Government will continue to ensure a fair and level playing field.

The Government introduced the Wheat Port Access Code to ensure fairness in the market and have committed to retaining it. Amendments are being made from the recent review including adding civil pecuniary penalties to the code.

Grain Trade Australia has been tasked to take the lead in engaging with open-access, up-country storage operators and third-party exporters to establish and/or confirm industry standards and expectations in relation to the reconciliation of freight differentials and other costs arising from site swaps.

The Government will continue to engage closely with industry on competition issues, including on evidence of wrongdoing across the supply chain.

Priority 4 - Increase Government Investment in Local Manufacturing Initiatives

The Coalition Government's \$2.5 billion Modern Manufacturing Strategy is helping manufacturers to be more competitive and resilient, and to build scale in the international market for a range of products including food and beverages. Through the Budget the Government committed a further \$500 million for a regional focussed expansion of manufacturing under the \$2 billion Regional Accelerator Program.

The Government understands the importance of creating sovereign manufacturing capability and securing supply chains to boost national resilience to global disruptions for certain products, such as agricultural fertilisers and chemicals.

The first rounds of the Supply Chain Resilience Initiative are addressing potential vulnerabilities, including agricultural inputs, for example \$14.15 million has been invested in 12 fertiliser projects and \$11.6 million for nine agricultural chemical projects. In addition, \$200 million will be available for supply chain resilience through the Regional Accelerator Program.

The Government's Northern Australia Infrastructure Facility investments are also helping agricultural inputs and manufacturing including \$255 million to support the Perdaman Urea Project, \$84 million for the Beyondie Sulphate of Potash Project, \$490 million for the Mardie Salt and Potash Project and \$32 million for the Kimberley Cotton Gin and Agricultural Development Project – Kimberley Cotton Company.

Priority 5 - Grow Export Trade and Market Access for Australian Grains

The Coalition Government is making a suite of significant investments to ensure that Australian grain farmers get maximum value and access for their product through sustainability and provenance.

The Government has provided \$4 million to the National Farmers' Federation to develop the Australian Agricultural Sustainability Framework - ongoing work which will help Australian agriculture communicate its sustainability credentials to markets at home and abroad.

The Government has committed \$15 million over four years to promote Australia's interest in international fora, including appointing a Special Representative for Australian Agriculture. This has advanced Australia's interests including in sustainability.

The Government's voluntary Australian Farm Biodiversity Certification Scheme will allow Australian farmers to showcase their best practice natural resource management to sustain and build biodiversity. Certification will enable consumers to identify Australian produce from farms that protect biodiversity and promote community recognition of farmers' agricultural stewardship.

The Coalition Government has delivered Climate Active - an ongoing partnership between the Australian Government and Australian businesses to drive voluntary climate action - provides high integrity certification to businesses and organisations that have credibly reached carbon neutrality.

The Government is investing \$68.4 million in agricultural traceability measures, including grants to encourage innovation in traceability, creating a National Agricultural Traceability Hub and holding a National Traceability Summit.

The Government is investing \$4.7 million over three years to develop approaches and tools for linking our natural capital with financial markets. Our Government is working with the financial banking and investment sectors, the business sector, Indigenous groups, agriculture and land sectors and state governments to trial these tools and metrics in new natural capital financial products and investment models.

The Coalition Government looks forward to continuing to engage with industry and other stakeholders on the further development of frameworks and tools to achieve best-in-class

sustainability, ensure that farmers are rewarded for their efforts and to communicate the nation's achievements to the rest of the world.

Priority 6 - High Level Strategic Analysis/Investment to Reduce Grain Freight Costs

The Coalition Government is investing \$120 billion over 10 years in infrastructure across Australia as part of our plan to better connect regions, support jobs, improve freight links, and build a stronger, more resilient Australia. A re-elected Coalition Government will deliver an additional \$880 million for Roads of Strategic Importance, \$385.4 million for the Northern Australia Roads Program, and \$95 million annually to fix bridges, as announced in the 2022 Budget. These investments will help the nation's important grains industry move product from farms to market.

The Coalition Government has commissioned the Bureau of Infrastructure and Transport Research Economics to undertake a review into Australia's road and rail supply chain resilience. While not specifically focused on the grains industry, the review will evaluate road and rail infrastructure routes that transport large quantities of freight of essential goods. Further details regarding the review can be found at: www.bitre.gov.au/road-rail-supply-chain-resilience-review

Industry groups are encouraged to continue to work with the Grains Research and Development Corporation with regard to investment priorities and to engage with relevant ongoing Commonwealth work such as the National Freight and Supply Chain Strategy.

Priority 7 - Increased Focus on Preventative Biosecurity Measures to Protect Australian Grains

The Coalition Government has invested more than \$590 million since the 2021-22 Budget, a record level of investment from any government and will go to implement reforms as set out in *Commonwealth Biosecurity 2030 – A strategic roadmap for protecting Australia's environment, economy and way of life*.

The Government has implemented enhanced measures on containers to address the key threat to the grains industry – khapra beetle – and continues to roll out the dedicated \$96.9 million budget measure to protect Australia from hitchhiker pests, including through preventative strategies and innovations.

The Government has installed 3D x-ray machines, with more in train, and deployed the world's first algorithm to automatically detect biosecurity risk material resulting in double the detections in the airport and triple in the mail environment compared to current screening technologies.

The Government has delivered, through the \$5.5 million per year Biosecurity Innovation Program, innovative technologies and approaches to enable detection of pests and diseases more effectively and efficiently at the border.

The Government has implemented new diagnostic technologies at the border, such as eDNA for khapra beetle, AI app for brown marmorated stink bug and the Multi-Hazard Detector machine—which can detect vapour and gas particles in the air—to increase reliability in detecting biosecurity threats and reduce wait times.

The Coalition Government is working toward ensuring funding and investment strategies are fit-for-purpose and sustainable for the long-term, and that biosecurity partners contribute equitably. This will involve consultation with key biosecurity system partners and participants, commencing in coming months. In addition, the Government is finalising the first national biosecurity strategy and transitioning to action planning and implementation, in collaboration with state and territory governments, industry, environment and community stakeholders.

Priority 8 - Improved Access and Application for Agricultural Pesticides and Technology

The Coalition Government initiated the independent Matthews Review into the agvet chemicals regulatory system. The review made a number of significant recommendations around the future regulatory arrangements relating to agvet chemicals. The Department of Agriculture, Water and the Environment has led extensive consultation with stakeholders, including state and territory governments and other Commonwealth agencies.

The Government has been committed to provide farmers with access to the pest and disease management tools they need, while streamlining regulatory systems and ensuring the safety of Australia's environment, people and protecting trade. Improving Australia's biosecurity preparedness and response is also a key priority. The report makes recommendations to help us prepare for biosecurity emergencies as they arise, by streamlining systems to prepare for and react to emergency events and aid in Australia's recovery from such events.

In addition, the Coalition Government has also supported innovation and improved access to minor use products by investing \$23.4 million to extend the recently developed patent box regime to agriculture. This reduces taxes on profits from locally developed patents on agricultural chemicals and veterinary medicines used in agriculture as well as new agricultural plant varieties (down to an effective tax rate of 17% from the typical corporate tax rate of 30%).

In addition, our Government is investing \$25.7 million to support farmers through the Access to Industry Priority Uses of Agvet Chemicals grants program.

Priority 9 - Remove restrictive grains industry red tape and costs

The Coalition is committed to delivering targeted reforms to remove unnecessary red tape, lower the compliance cost of regulation, increase productivity and make it easier for business to invest, grow and create more jobs.

Since 2019 the Coalition Government's Deregulation Agenda has driven reforms that are expected to generate benefits in excess of \$21 billion over ten years. These include the commitment to Busting Congestion for Agricultural Exporters that will lead to regulatory and costs savings to exporters of between \$236 million and \$1 billion by 2030. In the 2022-23 Budget the Government committed and if re-elected will deliver a further \$127.4 million through the Digital Services to Take Farmers to Market Initiative that will streamline trade processes and reduce the cost and time of exporting.

If re-elected the Coalition will continue to drive a deregulation agenda across all sectors including agriculture. In particular, the Coalition Government will focus on removing

duplication between state and Commonwealth regulation, as well as cross-Commonwealth regulation, so businesses don't need to engage with multiple levels of government. Our Government will adopt trusted international standards to remove duplication and improve supply chains, while improving regulator responsiveness so the Government is prepared to respond to future shocks. Our Government will also use RegTech and digital solutions to replace manual reporting – saving time.

Priority 10 - Improved independent oversight of grain levies

Rural Research and Development Corporations (RDCs) are the cornerstone of the agricultural innovation system and are governed by their own board structures.

However, to help ensure the RDCs are accountable and demonstrate value to the levy payer and taxpayer, have transparent consultation, no duplication and drive commercialisation the Government introduced new guidelines for RDCs for their statutory funding agreements and best practice guides for stakeholder consultation and commercialisation.

For example, the Guidelines for Statutory Funding Agreements outlines key performance indicators for each of the five performance principles relating to stakeholder engagement, research, development and extension activities, collaboration, governance and monitoring and evaluation.

The Best Practice Guide to Stakeholder Consultation will inform a consultation plan for each RDC that is easily accessible by levy payers, and there will be tripartite meetings between the RDC, industry and government.

While the RDC Knowledge Transfer and Commercialisation Guide provides guidance for the management of technology commercialisation to assist driving commercialisation.

The modernising and streamlining agricultural levy legislation will make changes to 'levy settings' in the legislation simpler in the future which will assist industry adapt to future challenges.

Priority 11 - Strategic Taxation reforms to optimise farm resilience and production

The Coalition Government continues to look for opportunities to reform the tax system and deliver more investment, more jobs and a stronger economy.

The Government's Lower Taxes Guarantee means small business and Australian workers can have the confidence that the Government will not increase taxes. This also means no changes to the Fuel Tax Credit Scheme for off-road agriculture users. It also means the Government will continue to support the Farm Management Deposit Scheme, currently holding over \$5 billion in deposits.

Since coming into office, the Government has cut the small business tax rate to 25 per cent, the lowest level in more than 50 years. The Government has also legislated more than \$100 billion of additional tax relief for Australian workers over the next four years.

In the most recent Budget, the Government announced a patent box for agriculture innovation. This will mean businesses who develop and commercialise technology in

Australia will be taxed at the concessional rate of 17 per cent, almost half the rate of a large company.

In addition, the Government announced two new small business bonus deductions which reward businesses who upskill staff and invest in digital technology. These changes build on the unprecedented expanded instant asset write off which was extended to the end of June 2023. This measure allows businesses with turnover of up to \$5 billion a year to immediately deduct the full value of their investments. This means farmers are able to immediately deduct the purchase cost of new eligible assets such as new water facilities.

The Government is making changes to tax arrangements that will benefit primary producers generating income from the sale of Australian Carbon Credit Units (ACCUs) or Biodiversity Certificates. From 1 July 2022, eligible primary producers will be able to treat the proceeds from the sale of ACCUs and biodiversity credits as primary production income – which is expected to lower taxes on primary producers by \$100 million over the next four years.

The Government recognises the critical role that insurance plays in risk management, and supports the continued development of agricultural insurance markets. There are existing private sector income protection and insurance products in the market that provide cover over a range of perils. A Coalition government will continue to work to support the development of agricultural insurance markets, including investments in data and technology such as the Government's \$3 million commitment for the Bureau of Meteorology to deliver a quality control service for the 8,000+ private weather stations in Australia to aid insurance market development. Studies such as the New South Wales' Independent Pricing and Regulatory Tribunal's Review of multi-peril crop insurance incentive measures have found that government subsidies for multi-peril insurance premiums would not represent good value for money for the taxpayer.

Priority 12 - Sharpen Grain Farm and Community Focus of Sustainability and Resilience Programs

The Coalition Government continues to invest in low-emissions technologies to boost regional manufacturing and supply chains in regional areas. These include the Morrison Government's \$1.5 billion investment in the development of hydrogen, including establishing nine regional hydrogen hubs.

As you would know green hydrogen can also be used to produce the ammonia fertiliser needed on farms. In addition, the Government is investing in regional carbon capture utilisation and storage projects to help reduce the emissions from energy production, manufacturing and the resources sector.

Regarding individual projects, the Government's 'green bank' the Clean Energy Finance Corporation and the Australian Renewable Energy Agency have billions of dollars available to fund and finance more low-emissions manufacturing and clean energy projects across regional areas.

The Coalition Government has initiated a review into the National Disaster Funding Arrangements. The joint funding arrangements with the state governments are inherently complex but the Government wants to make sure the current arrangements ensure that those Australians in need are being assisted in a timely way. This review complements work underway on the second National Action Plan under the National Disaster Risk Reduction

Framework. Progressing the priority areas of the Framework is currently driven through National Action Plans, and negotiations are already underway with the states on the second Plan.